



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

February 20, 2008

The Honorable Nancy Wyman  
State Comptroller  
55 Elm Street  
Hartford, Connecticut 06106

Dear Comptroller Wyman:

The following information on the State's General Fund for Fiscal Year 2007-2008 is provided in accordance with Section 4-66 of the General Statutes. In addition, an analysis of the Special Transportation Fund is included due to the significant nature of this fund. Estimates are as of January 31, 2008. The balance in the General Fund is now projected at \$259.8 million, an increase of \$259.1 million over the original enacted budget.

Projected additional requirements in the General Fund remain at \$37.0 million. These include a \$9 million shortfall being projected in the Department of Mental Health and Addiction Services in the Personal Services, Other Expenses, Professional Services and Nursing Home Screening Accounts. \$6.3 million in Personal Services is due to additional hiring and overtime coverage as a result of the U.S. DOJ and CMS surveys at CVH. \$2 million in Other Expenses is due to higher than budgeted utility expenditures and maintenance and repair costs at CVH and other facilities. \$660,000 in the Professional Services and Nursing Home Screening Accounts result from higher than budget expenditures; and the Department of Correction has an estimated deficiency of \$17 million due to increased prison population. \$3.4 million of the deficiency is in the agency's Personal Services account due to increased overtime costs. \$6.1 million of the deficiency is in Other Expenses mainly due to maintenance, food and energy costs. \$6.5 million of the deficiency is in the Inmate Medical account resulting from increased medical costs and staffing. \$1.0 million is projected for newly developed community support services for persons leaving the prison system. The University of Connecticut Health Center is estimated to require an additional \$10.9 million to address its budgetary shortfall. The Chief Medical Examiner requires an additional \$125,000 due to deficits in its Medicolegal Investigations account.

Projected additional requirements in the Special Transportation Fund are \$7.0 million. \$2 million in Personal Services is due to overtime related to snow and ice removal and \$5 million in Other Expenses is due to increased storm related salt consumption, motor vehicle repair parts and motor vehicle fuel.

In the Connecticut Energy Assistance Program, due to the extremely high cost of home heating oil, Governor Rell has authorized an additional Safety Net Assistance benefit for eligible households. While it is expected that this will be paid for out of federal funds, if such funds are not released, the program could require an additional \$10.7 million from the General Fund. This potential deficit is not included in the projected \$37 million in recognized deficiencies.

This month's letter reflects no changes in our revenue estimates.

The budget proposed by Governor Rell on February 6, 2008 includes two actions which would impact the FY 08 surplus. These include a modification of the accrual date for the corporation tax, which would decrease FY 08 revenues by \$8.0 million; and continuing \$13.0 million in debt service appropriation for expenditures in FY 09. The net impact of these proposed changes is that the remaining surplus, projected at \$238.8 million, would be deposited to the budget reserve fund.

We recognize that if all of the identified additional requirements in the General Fund were to be appropriated, total appropriations in FY '08 would exceed the constitutionally mandated cap on appropriations. Accordingly, OPM utilized various tools, including transfers to address these shortfalls in order to present a deficiency bill earlier this month that was consistent with the spending cap. In order to accommodate the \$7.0 million deficiency recognized in the Department of Transportation this month, a modification to the deficiency bill will be needed to maintain the integrity of the spending cap.

It should be noted that while these projections are the best that can be made at this time, estimates may have to be adjusted to reflect changes in the economy, expenditure patterns and/or other factors.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Genuario", with a long horizontal flourish extending to the right.

Robert L. Genuario  
Secretary

RLG:dd  
Attachments

Summary  
February 20, 2008

State of Connecticut  
Summary of Changes  
General Fund and Special Transportation Fund  
Projected to June 30, 2008  
As of January 31, 2008  
(In Millions)

**General Fund**

Balance - January 22, 2008		\$	263.2
Revenues - No Change			0.0
Expenditures			
Additional Requirements - No Change	0.0		
Estimated Lapses - No Change	0.0		
Miscellaneous Adjustments/Rounding	(3.4)		(3.4)
			<hr/>
Balance - February 20, 2008		\$	<u>259.8</u>

**Special Transportation Fund**

Carry Forward FY 2007-08 Surplus		\$	192.9
Balance - January 22, 2008			11.7
Revenues - No Change			0.0
Expenditures			
Additional Requirements			(7.0)
			<hr/>
Balance - February 20, 2008		\$	<u>197.6</u>

State of Connecticut  
General Fund  
Statement of Revenues, Expenditures, and Results of Operations  
Projected to June 30, 2008  
As of January 31, 2008  
(In Millions)

	General Assembly <u>Budget Plan</u> <sup>1.</sup>	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
<b>REVENUE</b>			
Taxes	\$13,272.0	\$13,500.2	\$228.2
Less: Refunds	<u>(818.8)</u>	<u>(807.8)</u>	<u>11.0</u>
Taxes - Net	12,453.2	12,692.4	239.2
Other Revenue	1,206.3	1,190.0	(16.3)
Other Sources	<u>2,656.1</u>	<u>2,738.1</u>	<u>82.0</u>
TOTAL Revenue	\$16,315.6	\$16,620.5	\$304.9
<b>EXPENDITURES</b>			
Appropriations	\$16,431.4	\$16,431.4	\$0.0
Net Additional Requirements	0.0	37.0	37.0
Less: Estimated Lapses	<u>(116.5)</u>	<u>(131.5)</u>	<u>(15.0)</u>
TOTAL Expenditures	\$16,314.9	\$16,336.9	\$22.0
Balance from Operations	\$0.7	\$283.6	\$282.9
Miscellaneous Adjustments	<u>0.0</u>	<u>(23.8)</u>	<u>(23.8)</u>
Estimated Balance 6/30/08	<u>\$0.7</u>	<u>\$259.8</u>	<u>\$259.1</u>

1. PA 07-01, June Special Session

State of Connecticut  
General Fund  
Revenue Estimates  
Projected to June 30, 2008  
As of January 31, 2008  
(In Millions)

TAXES	
Personal Income	\$7,570.0
Sales and Use	3,598.9
Corporation	727.0
Public Service Corporations	247.6
Inheritance and Estate	165.5
Insurance Companies	253.1
Cigarettes	351.5
Real Estate Conveyance	200.0
Oil Companies	158.4
Alcoholic Beverages	47.0
Admissions and Dues	33.6
Miscellaneous	147.6
TOTAL - TAXES	<u>\$13,500.2</u>
Less: Refunds of Taxes	(797.8)
R & D Credit Exchange	(10.0)
TOTAL - TAXES - NET	<u>\$12,692.4</u>
OTHER REVENUE	
Transfers - Special Revenue	\$286.6
Indian Gaming Payments	417.6
Licenses, Permits, Fees	162.5
Sales of Commodities and Services	32.0
Rents, Fines, Escheats	55.1
Investment Income	89.0
Miscellaneous	147.8
Refunds of Payments	(0.6)
TOTAL - OTHER REVENUE	<u>\$1,190.0</u>
OTHER SOURCES	
Federal Grants	\$2,725.1
Transfer from Tobacco Settlement Fund	115.3
Transfers to Other Funds	(102.3)
TOTAL - OTHER SOURCES	<u>\$2,738.1</u>
TOTAL - GENERAL FUND REVENUE	\$16,620.5

State of Connecticut - General Fund  
Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2008  
As of January 31, 2008

Department of Mental Health & Addiction Services	\$9,000,000
Office of the Chief Medical Examiner	125,000
University of Connecticut Health Center	10,900,000
Department of Correction	17,000,000
Total - Additional Requirements	<u>\$37,025,000</u>

Statement 4  
February 20, 2008

State of Connecticut  
General Fund  
Estimated Lapses  
Projected to June 30, 2008  
As of January 31, 2008

Legislative Unallocated Lapses	\$2,700,000
Estimated Unallocated Lapses	68,500,000
General Personal Services Reduction	15,000,000
General Other Expenses Reductions	11,000,000
Debt Service	13,000,000
OPM - PILOT - Machinery and Equipment	21,300,000
Total	<u>\$131,500,000</u>

State of Connecticut  
2007-08 General Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008
REVENUE	\$16,315.6	\$16,320.6	\$16,333.6	\$16,437.6	\$16,441.6	\$16,447.4	\$16,620.5	\$16,620.5					
Appropriations	16,431.4	16,431.4	16,431.4	16,431.4	16,431.4	16,431.4	16,431.4	16,431.4					
Additional Requirements	0.0	0.0	7.3	25.0	25.0	25.0	37.0	37.0					
Less: Estimated Lapses	(116.5)	(116.5)	(116.5)	(116.5)	(116.5)	(126.5)	(131.5)	(131.5)					
TOTAL - Estimated Expenditures	16,314.9	16,314.9	16,322.2	16,339.9	16,339.9	16,329.9	16,336.9	16,336.9					
Balance from Operations	0.7	5.7	11.4	97.7	101.7	117.5	283.6	283.6					
Compt.'s Misc. Adjustments/Rounding	0.0	(2.3)	(6.5)	(9.7)	(13.2)	(17.4)	(20.4)	(23.8)					
Estimated Balance 6/30/08	\$0.7	\$3.4	\$4.9	\$88.0	\$88.5	\$100.1	\$263.2	\$259.8					

1. PA 07-1, June Special Session

State of Connecticut  
Special Transportation Fund  
Analysis of Budget Plan  
Projected to June 30, 2008  
As of January 31, 2008  
(In Millions)

	General Assembly <u>Budget Plan</u> <sup>1.</sup>	Revised Estimates <u>OPM</u> <sup>2.</sup>	Over/ (Under)
Surplus Carried Forward from 2006-07	\$193.0	\$192.9	(\$0.1)
<b>REVENUE</b>			
Taxes	\$715.8	\$707.4	(\$8.4)
Less: Refunds of Taxes	<u>(8.8)</u>	<u>(7.8)</u>	<u>1.0</u>
Taxes - Net	707.0	699.6	(7.4)
Other Revenue	<u>419.9</u>	<u>405.4</u>	<u>(14.5)</u>
TOTAL - Revenue	\$1,126.9	\$1,105.0	(\$21.9)
<b>EXPENDITURES</b>			
Appropriations	\$1,109.8	\$1,109.8	\$0.0
Additional Appropriations	0.0	7.0	7.0
Less: Estimated Lapses	<u>(11.0)</u>	<u>(16.5)</u>	<u>(5.5)</u>
TOTAL - Expenditures	\$1,098.8	\$1,100.3	\$1.5
Balance from Operations	\$28.1	\$4.7	(\$23.4)
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/08	<u>\$221.1</u>	<u>\$197.6</u>	<u>(\$23.5)</u>

1. P.A. 07-1, June Special Session

2. Per the September 4, 2007 Comptroller's Report for Fiscal Year ending June 30, 2007.

Statement 2T  
February 20, 2008

State of Connecticut  
Special Transportation Fund  
Revenue Estimates  
Projected to June 30, 2008  
As of January 31, 2008  
(In Millions)

TAXES	
Motor Fuels	\$509.6
Oil Companies	127.8
Sales Tax DMV	70.0
TOTAL - TAXES	<u>707.4</u>
Less: Refunds of Taxes	<u>(7.8)</u>
TOTAL - TAXES - NET	\$699.6
OTHER REVENUE	
Motor Vehicle Receipts	\$230.6
Licenses, Permits, Fees	164.0
Interest Income	44.0
Transfers to Other Funds	(30.3)
Refunds of Payments	<u>(2.9)</u>
TOTAL - OTHER REVENUE	\$405.4
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,105.0

Statement 3T  
February 20, 2008

State of Connecticut  
Special Transportation Fund  
Appropriation Adjustments - Additional Appropriations  
Projected to June 30, 2008  
As of January 31, 2008

Department of Transportation	<u>\$7,000,000</u>
Total	\$7,000,000

Statement 4T  
February 20, 2008

State of Connecticut  
Special Transportation Fund  
Estimated Lapse  
Projected to June 30, 2008  
As of January 31, 2008

Estimated Unallocated Lapses	\$2,800,000
Debt Service	13,700,000
Total	<u>\$16,500,000</u>

State of Connecticut  
2007-08 Special Transportation Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008
Beginning Balance <sup>2</sup>	\$193.0	\$193.0	\$192.9	\$192.9	\$192.9	\$192.9	\$192.9	\$192.9					
Revenue	<u>1,126.9</u>	<u>1,126.9</u>	<u>1,126.9</u>	<u>1,126.9</u>	<u>1,121.4</u>	<u>1,106.4</u>	<u>1,105.0</u>	<u>1,105.0</u>					
Total Available	1,319.9	1,319.9	1,319.8	1,319.8	1,314.3	1,299.3	1,297.9	1,297.9					
Appropriations	1,109.8	1,109.8	1,109.8	1,109.8	1,109.8	1,109.8	1,109.8	1,109.8					
Additional Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0					
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(16.5)</u>	<u>(16.5)</u>	<u>(16.5)</u>	<u>(16.5)</u>					
TOTAL - Estimated Expenditures	1,098.8	1,098.8	1,098.8	1,098.8	1,093.3	1,093.3	1,093.3	1,100.3					
Balance from Operations	28.1	28.1	28.1	28.1	28.1	13.1	11.7	4.7					
Compt's Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>					
Estimated Balance 6/30/08	\$221.1	\$221.1	\$221.0	\$221.0	\$221.0	\$206.0	\$204.6	\$197.6					

1. PA 07-1, June Special Session

2. Per the September 4, 2007 Comptroller's Report for Fiscal Year ending June 30, 2007.